



PD-ARR-021

AGENCY FOR INTERNATIONAL DEVELOPMENT  
UNITED STATES OF AMERICA A. I. D.  
MISSION TO EL SALVADOR  
C/O AMERICAN EMBASSY  
SAN SALVADOR EL SALVADOR C A

**ACTION MEMORANDUM FOR THE MISSION DIRECTOR**

FROM *Ana Luz de Mena*  
Ana Luz de Mena, SO1

SUBJECT Project Assistance Completion Report of the Peace and National Recovery Project, 519-0394

DATE December 15, 1998

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In accordance with ADS 203 (Managing for Results Monitoring and Evaluating Performance) and USAID/El Salvador Policy (Mission Operation Manual, Chapters 680 and 770), attached is the Project Assistance Completion Report (PACR) for the Peace and National Recovery Project No 519-0394

The goal of the Project was to assist El Salvador make the transition from war to peace, by promoting the peace process and sowing the seeds of future growth with equity

The purpose of the activity was to promote the economic and social reactivation of the ex-conflictive zones by restoring infrastructure and access to basic services and assisting the democratic reintegration of their population

The Project included the following major components (intermediate results)

- 1 Factors of production reactivated to respond to economic opportunities, which combined the provision of training and technical assistance with credit to promote production and economic growth
- 2 Access to basic social services and infrastructure created through small scale municipal infrastructure projects, rehabilitation of roads, health facilities, and water and sanitation facilities
- 3 Rebuilding of local level democratic institutions and the promotion of civic participation
- 4 The economic and social reintegration of excombatants

The NRP project was closed out on September 30, 1997

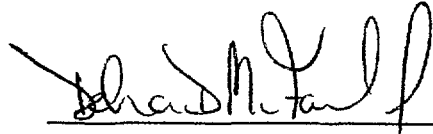
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The PACR summarizes accomplishments of the activity. It includes lessons learned, conclusions, and recommendations.

### Recommendation

That you approve the attached Project Assistance Completion Report

Approved

  
Kenneth C. Ellis  
Director

Disapproved

\_\_\_\_\_  
Kenneth C. Ellis  
Director

Date

12 22.98

### Attachments

Cleared by FBreen, CONT



Date

11/12/98 CMM, with comments

GCW CNorth, SDO



Date

12/10/98

LPizarro, OCG



Date

12/18/98

DMcFarland, DDIR



Date

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Office of the Controller

REVIEWED

  
11/03/98  
DATE  
Received in [unclear] at 1/98

## Project Assistance Completion Report

### Peace and National Recovery Project 519-0394

#### I Summary of the Project

##### A Goal and Purpose of the Project

USAID/EL Salvador's Peace and National Recovery Project (519-0394) was designed to assist Strategic Objective El Salvador make the transition from war to peace by promoting the peace process and sowing the seeds of future growth with equity Assistance related to this Objective dates from May 1992, when the Peace and National Recovery Project Grant Agreement was signed between USAID and the Government of EL Salvador

The definition of the USAID goal and purpose in supporting the implementation of the Salvadoran Peace Accords has varied slightly over time, as is shown below

	Original Project Paper January 1992	Amended Project Paper March 1993	Strategic objective #1
Program Goal	To support El Salvador's National Reconstruction Plan in consolidating the peace process, helping resolve societal unrest, and sowing the seed for future growth with equity and strong democracy	To support El Salvador's National Reconstruction Plan in consolidating the peace process, furthering national reconciliation, and sowing the seeds for future growth with equity and a stable democracy	To assist El Salvador make the transition from war to peace, by promoting the peace process and sowing the seeds of future growth with equity
Program Purpose	To promote the economic and social reactivation of the conflictive zones by restoring infrastructure and access to basic services, and assisting the democratic reintegration of their population	To support implementation of the Salvadoran Peace Accords and the National Reconstruction Program by assisting the reintegration of ex-combatants, the economic and social reactivation of the formerly conflictive zones, and the democratic reintegration of their population	To promote the economic and social reactivation of the exconflictive zones by restoring infrastructure and access to basic services and assisting the democratic reintegration of their population

While there is some difference in emphasis in these statements, particularly between the Amendment No 1 goal and purpose definitions compared to those that came before and after, the conceptual targets for this assistance remained fairly constant over time

## **B Project Components**

The Project included the following major components (intermediate results)

- 1 Factors of production reactivated to respond to economic opportunities, which combined the provision of training and technical assistance with credit to promote production and economic growth

- 2 Access to basic social services and infrastructure created through small scale municipal infrastructure projects, rehabilitation of roads, health facilities, and water and sanitation facilities

- 3 Rebuilding of local level democratic institutions and the promotion of civic participation

- 4 The economic and social reintegration of excombatants

## **C Analysis of the Present Status of the Project**

On September 30, 1997, The Peace and National Recovery Project (519-0394) was closed out. The Project was USAID's principal vehicle to promote consolidation of peace following 12 years of civil conflict. The Project had a significant part in ensuring a timely and significant completion of the accords. It also set the foundation for the Mission's present efforts to reduce rural poverty and promote broader based economic growth.

During the life of this Project, the largest land transfer program in recent history to provide land to excombatants of a civil war was fully and successfully completed. The Mission was instrumental in promoting democratic elections with broad citizen participation, following signing of the accords. A major investment in social and productive infrastructure was made to replace and repair infrastructure destroyed or abandoned during the conflict. Local government, seriously debilitated during the civil war, was strengthened and civilian participation increased in local government.

The peace is a substantial and integral part of Salvadoran society. The FMLN has gone from being an insurgent movement in society to a powerful political party, sharing control of the legislature with the ARENA party, and controlling, in the political sense, largest municipalities in the country. Excombatants from both sides of the conflict struggle to advance economically, sharing their struggle with a broad segment of Salvadoran society confronting an equally difficult economic environment. Although violence is wide spread, organized military conflict is a thing of the past. In the exconflictive zones, as well as in the broader society, potable water, rural roads, electricity, and health and educational services are still in short supply, but they exist in far greater abundance compared with the war years.

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The culmination of the Peace Accords has ratified for the broad reaches of Salvadoran society the desirability of open political and economic structures as the surest road to long-term economic and political development. The Project was a material contributor to the successful consolidation of the Peace in El Salvador.

## **II Financial Status**

See Attachment I

## **III Project Accomplishments**

The Project's efforts in support of the Peace Accords were focused on four substantive areas requiring immediate attention for countries emerging from civil war. The four areas of emphasis included 1 Factors of Production Reactivated, 2 Infrastructure Re-established, 3 Democratic Institutions Built and Civic Participation Increased, and 4 Excombatants Reintegrated. The following discussion provides a summary of major accomplishments realized under the Project for the period 1992 through the close-out on September 30, 1997.

### **Factors of Production Reactivated**

More than 107,000 individuals--ex-combatants and civilians alike--received training and/or technical assistance in agriculture and small business development. In addition, nearly 93,900 loans were provided to beneficiaries to increase crop production and establish or expand micro enterprise businesses during the program life. An independent survey (Carr, June 1997) measuring changes in family income resulting from ongoing credit and training programs, reported that a large majority of the NRP beneficiaries, equivalent to a little less than three quarters of the credit activity's target population, benefited by an average increase over a two year period of 33% increased income after receiving credit and technical assistance.

Similarly, in a report prepared by the International Center for Research on Women UNDP, it is stated " that total household income has risen most dramatically in the eastern department of La Union and in the former conflictive zones of Chalatenango, Cabañas, San Vicente and Usulután. Morazan, another former conflictive zone, has also experienced a rise in nominal total household income that exceeds the national average " (Gammage, 1997).

On September 30, 1997, 36,059 eligible beneficiaries of the PTT program had received land through direct project support in financing the GOES's purchase of land and indirectly through project support to the administration of the PTT program. The Project also played a central role in securing the full cancellation of the PTT program debt, and in ensuring that PTT program beneficiaries held their land free and clear of all debt. In addition, one thousand two hundred seventy seven (1,277) PTT beneficiaries on 29 properties received individual title under a pilot land parceling-out activity.

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### **Infrastructure Reestablished**

One million One Hundred Thousand (1.1 million) people living in the NRP zone benefited from more than 2,900 small-scale infrastructure activities. These activities included infrastructure for municipal development, such as schools and health clinics rebuilt, water systems reconstructed, and rural electrification. Three hundred kilometers of rural electric lines were installed benefiting approximately 3,400 families in isolated towns and villages, 2,160 kilometers of rural roads were also rehabilitated, accounting for 24% of the roads identified as needing rehabilitation in the NRP area.

### **Democratic Institutions Built and Civic Participation Increased**

Over the Life of the Project (LOP), the NRP channeled nearly \$ 100 million in resources through 137 NGOs to support a wide array of ex-combatant and civilian development activities. The Final Evaluation of the USAID assistance to the Peace Accords noted, "the use of NGOs as executing institutions greatly facilitated the implementation of the NRP, and was essential for providing access to program services by the target population, a large percentage of which is located in remote, war-torn areas." This assistance to NGOs also strengthened their rural organizational base, improving their advocacy capacity to articulate and act in representation of rural populations. In addition, the project made a significant contribution to building participatory democracy by supporting and promoting 1,378 municipal open town meetings with over 175,000 salvadorans participating.

### **Ex-combatants Reintegrated**

In the five year LOP, the Project assisted in the re-insertion of excombatants into the mainstream of society through the following activities: more than 21,000 ex-combatants received vocational and/or academic training and, of these, approximately 17,000 received agricultural and micro enterprise credit, more than 9,000 war wounded received rehabilitation services, and 36,059 excombatants and tenedores received land under the Land Transfer program.

## **IV Evaluations and Audits**

### **A Evaluations**

The Project was last evaluated in August, 1996. The evaluating team reached the following conclusion:

"The principal conclusion of this evaluation is that USAID has been very successful in implementing the assistance related to this Objective and has achieved or exceeded the majority of the program's targets. Many key individuals interviewed during the evaluation credited USAID's assistance as having played a crucial role in helping EL Salvador to transition successfully from war to peace. The end of the conflict has been accompanied by increased openness in the political system, and other political reforms (which were called for in the Peace Accords) are

presently being considered. However, despite the substantial investment to repair infrastructure in the war affected region, transfer land to ex-combatants, provide vocational training and agricultural and micro-enterprise credit to civilians and excombatants, improve access to critical social services, and increase civic participation and build local democratic institutions, the economic potential of those most affected by the war remains tenuous "

No additional evaluation is contemplated

## **B Audits**

The Project maintained a concurrent monitoring team, provided by Price Waterhouse, to ensure the proper use of funds. When the Project closed out in September 30, 1997 all findings had been closed and all questioned costs had been resolved.

## **V Summary of Lessons Learned**

The August 1996 Evaluation reviewed and synthesized several discussions on lessons learned from earlier evaluations, and then following their own work, consolidated lessons learned into the following 16 points provided below.

1 Post-crisis reconstruction activities should not be confused with sustainable development programming, while they may sow the seeds for social and economic recovery, they should not be expected to accomplish development-related results.

2 Factors such as the duration of the conflict, the structures created by the opposing sides, and the overall political climate should be taken into account when designing demobilization and reintegration strategies. Once demobilized, it is not always prudent to treat ex-combatant needs within the general context of the communities to which they return, without providing special assistance.

3 Indicators should be developed for tracking the different stages of the post-war peace process as it moves from crisis to demobilization, reintegration, reconciliation and, finally, to the beginning of the long-term development phase.

4 At the start of post-crisis activities, there is a need for clear definition, accepted by all, of the following:

- demobilization objectives and procedures,
- the meaning of "reintegration" or "reinsertion" - for whom, where, to what degree, and how will we know,
- obligations to the war-disabled and to the dependent survivors of those killed in action,
- the baseline/starting point data to be used for all facets of the activity,
- the time horizon for all phases of the activity,
- resource levels, both human and fiscal,

- implementation channels,
- criteria for success

5 Mechanisms should be created as quickly as possible to ensure the participation of representatives of all parties (ultimate and intermediate customers, as well as partners and stakeholders) in the design, execution and monitoring of all phases of the activity, using participatory methodologies for this purpose

6 To replace or repair infrastructure damaged during the conflict, there is a need for flexible mechanisms to transfer resources to local governments in a manner that promotes citizen participation in the identification and resolution of the most-felt community-based needs

7 Priority infrastructure activities should include a) those that are most critical for economic recovery, and b) those that are congruent with local development planning and have priority local support

8 Support for the re-establishment of social services, such as rural roads, water and health systems, is key to reintegrating ex-combatants and those displaced by the war

9 Credit programs should not be used for resource transfers to destitute ex-combatants and others affected by the conflict. If such transfers are needed they should be provided as grants in order to maintain the integrity of the credit system

10 Training programs should be based on market demand for skills and the interests of participants. Assumptions based on gender should be avoided

11 If group titles are used for land transfers, the process for breaking them up should be clarified at the outset

12 In the rush to replace physical infrastructure, the importance of creating or replacing social/organizational infrastructure should not be underestimated if improvements are to be sustainable

13 To ensure the sustainability of the activities undertaken, project design should include the organizational development of the local agencies, especially private sector organizations, that participate as project implementors and customers (unless it is clear that the existence of a specific organization is not crucial once the crisis stage ends). US PVOs should be required to strengthen the local NGOs through which they work if the objective is to have these organizations continue to function in the future

14 Careful attention should be given to the types of incentives inherent in different approaches. Positive incentives for citizen participation at all levels should be incorporated into the activity. Such incentives should be designed to help educate citizens about both their rights and responsibilities, in order to avoid a continuing assistentialist syndrome



15 Since the number of female heads of household generally increases dramatically as a result of civil conflict, especially where there are female ex-combatants, special provisions should be made for meeting the special needs of those women and children and data should be gathered on a regular basis to track progress

16 Help should be provided for the clear, realistic definition of obligations to war-wounded and the dependent survivors of those killed in action. This issue has a high potential for arousing public sympathy and for disturbing the peace process if not addressed in a transparent, realistic and timely manner

In addition, several other reports on lessons learned have been carried out. These are included as Attachments II and III

## **VI Recommendations**

The following program recommendations are important follow-on investments to the successful support for the transition from war to peace

### **1 Nationwide or NRP-wide initiatives**

a Parcelizing of the proindiviso properties transferred during implementation of the Peace Accords The need to legally divide and register the majority of the land transferred is a clear priority. Before such an activity can be formalized, however, a political decision must be reached concerning who should pay for this process. Those whose names are on the proindiviso titles already have such high debt levels that adding another layer is not realistic, and credit discipline has been seriously undermined in rural EL Salvador. It may be necessary to agree that the proindiviso title was an artifact required to meet the Peace Accord implementation commitments, but as it was not a permanent solution, the government (with donor assistance) will need to cover the cost of replacing these titles with individual titles. Until this issue has been resolved, investment in and production on the land resources transferred to the ex-combatants will be minimal. Provision of individual titles will not

assure increased production for all, but it is an essential first step

b Equivalency training for empirical teachers and medical workers On-going USAID programs provide assistance to achieve equivalency and licensing requirements for the "maestros populares" and "promotores de salud" that provided education and health services to the civilian population in the NRP zone during the conflict. These programs should be continued to completion so as not to lose these valuable resources

### **2 Projects that could be nation or NRP-wide, or could focus on priority local areas**

a Development of rural financial services As noted above, credit discipline no longer exists in rural EL Salvador, and too many credit programs have ended with excessive rates of delinquency. At the same time, lack of access to capital remains a serious constraint to development of this region. Several small programs through NGOs that

insist on strict credit guidelines and commercial interest rates show increased potential for success, and the Mission should help these organizations to build on their successful experience and gradually expand their programs. A parallel concern should be given to savings mobilization. The existence of liquidity in the region resulting from the remittances, and the concern frequently voiced about crime in rural areas, should encourage well designed savings mobilization programs.

b Export diversification programs The opening up of the Salvadoran economy should make exports more competitive, as the cost of inputs declines. Several export promotion activities have been successfully implemented, such as the development of organic coffee production and marketing channels by CLUSA. These activities should also be gradually expanded in order to increase sustainable incomes. Diversification of production for local markets could be a safe activity as a transition to exports.

### **3 Activities focused on priority municipalities or sub-Departmental initiatives**

a Community infrastructure As noted earlier in this report, there is a substantial remaining deficit of local infrastructure rehabilitation or construction which needs to be met in order to remove constraints to increased economic activity. Existing implementation mechanisms have proven effective, although a reevaluation of how priorities are set for utilization of these resources is in order. Such assistance could easily be incorporated into a program to assist priority development areas, particularly in response to local level planning and priority setting initiatives.

b Municipal development A variety of exciting activities are underway in a number of municipalities visited, to broaden participation in local planning and priority setting, and new legislative initiatives are being discussed that would further increase the potential to work through these institutions. USAID may wish to undertake a more comprehensive assistance program in pilot municipalities to help provide training and develop systems that will be required to carry out effectively the decentralization of public services. This will be particularly useful immediately following the Spring 1997 municipal elections. Training should focus on coordination mechanisms between municipal government and local NGOs, and on participatory methods of local governance and conflict resolution. USAID may also want to encourage adoption of some form of proportional representation at the municipal level (realistically not until after the Spring 1997 municipal elections).

### **4 Other, small-scale initiatives**

In addition to the major program initiatives described above, there are a number of smaller program recommendations or suggestions of specific studies that would help the USAID Mission to direct its program.

a Recommendations were made in this evaluation (Annex H) for modifications to the Daniel Carr survey instrument. With the modifications, it would be important to complete the planned series of surveys.

b USAID should continue efforts to obtain data bases from the first four CID/GALLUP surveys and carry out cross-survey analyses once the data have been obtained

c Promote the creation of a common data base of all borrowers from the various credit programs carried out under Project 519-0394 and related programs, in order to begin to create a mechanism to check credit histories before loans are granted

d A study needs to be carried out of the current activities and capabilities of the many NGOs that exist in El Salvador, as described in greater depth in section IV C

e Support should be provided to the MIPLAN group (now in the Ministry of Foreign Affairs), to implement on a trial basis a basic needs-defined rural household survey

f An analysis should be carried out of the constraints to growth of the agricultural sector in El Salvador, and of the policy modifications and program interventions that could improve the sector's competitiveness and sustainability

g All grants provided to local NGOs should be done on a competitive basis and include organizational development assistance as needed

h Support donor community attention to the dilemma confronted by the GOES with respect to the unmet needs of the war disabled and survivors

i Support an analysis of the impact of post-war stress syndrome on the Salvadoran population, and resources that may be available to ameliorate its impact

j Some communities are awaiting resolution of issues impeding the settlement of the "asentamientos humanos," which are groups seeking urban or quasi urban land outside the context of the process created to transfer agricultural land. The GOES is working to resolve this issue and the Mission only needs to monitor it to see if any assistance is needed and could be realistically provided

## **VII Post-Project Monitoring and Follow-Up Actions**

Because of the successful Price-Waterhouse concurrent monitoring carried out throughout the life of project, and the successful closing of all findings and questioned costs, no further follow up is required in this area. No audit is necessary because of the concurrent monitoring activity.

The GOES is responsible for providing follow-up and requiring audits of all continuing project financed credit programs for a three year period from the PACD of September 30, 1997

All commodities have been disposed of and all sub-activities successfully closed out. No further follow-up or monitoring of the Project is required

## ATTACHMENT I

## FINANCIAL STATUS REPORT

As of September 30, 1998

(US DOLLARS)

COMPONENT	Planned LOP Budget As Project Paper Amendment				Accrued Expenditures			
	519-0394	HCOLC	Existing Projects	Total	519-0394	HCOLC	Existing Projects	Total
A IMMEDIATE RELIEF	1,500,000	3,000,000	700,000	5,200,000	1,500,000	2,211,564	1,956,473	5,668,037
B EX-COMBATANT ASSISTANCE	80,000,000	9,000,000	1,000,000	90,000,000	77,834,566	7,299,168	0	85,133,734
C SOCIAL & ECONOMIC REACT	68,700,000	24,000,000	39,300,000	132,000,000	67,778,811	18,780,374	37,422,045	123,981,230
D LAND TRANSFER	15,000,000	9,000,000	0	24,000,000	17,859,093	13,985,477	0	31,844,570
E MAJOR INFRASTRUCTURE	15,800,000	0	20,000,000	35,800,000	9,826,047	1,156,773	23,538,290	34,521,110
F 1 MANAGMENT & EVALUAT	8,000,000	3,000,000	0	11,000,000	5,505,272	325,946	0	5,831,218
F 2 AUDIT	2,000,000	0	0	2,000,000	2,131,835	4,816,446	0	6,948,281
TOTAL	191,000,000	48,000,000	61,000,000	300,000,000	182,435,624	48,575,748	62,916,808	293,928,180

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## ATTACHMENT I

## FINANCIAL STATUS REPORT

As of September 30, 1998

(US DOLLARS)

COMPONENT	LOP Budget (PIL 220)	Obligations	Accrued Expenditures	Pipeline
<b>A IMMEDIATE RELIEF</b>	<b>1,500,000 *</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>0</b>
1 ESF FUNDING	1,500,000	1,500,000		
2 DTF FUNDING	0	0		
<b>B EX-COMBATANT ASSISTANCE</b>	<b>78,007,291</b>	<b>77,971,226</b>	<b>77,834,566</b>	<b>136,660</b>
1 ESF FUNDING	18,087,730	18,087,730		
2 DTF FUNDING	59,919,561	59,883,496		
<b>C SOCIAL &amp; ECONOMIC REACT</b>	<b>69,002,000</b>	<b>68,190,683</b>	<b>67,778,811</b>	<b>411,872</b>
1 ESF FUNDING	61,799,282	60,987,965		
2 DTF FUNDING	7,202,718	7,202,718		
<b>D LAND TRANSFER</b>	<b>16,503,709</b>	<b>17,864,760</b>	<b>17,859,093</b>	<b>5,667</b>
1 ESF FUNDING	7,261,627	8,586,613		
2 DTF FUNDING	9,242,082	9,278,147		
<b>E MAJOR INFRASTRUCTURE</b>	<b>17,267,000</b>	<b>10,034,565</b>	<b>9,826,047</b>	<b>208,518</b>
1 ESF FUNDING	17,267,000	10,034,565		
2 DTF FUNDING	0	0		
<b>F 1 MANAGMENT &amp; EVALUAT</b>	<b>6,500,000</b>	<b>5,666,079</b>	<b>5,505,272</b>	<b>160,807</b>
1 ESF FUNDING	3,864,361	3,030,440		
2 DTF FUNDING	2,635,639	2,635,639		
<b>F 2 AUDIT</b>	<b>2,220,000</b>	<b>2,168,897</b>	<b>2,131,835</b>	<b>37,062</b>
1 ESF FUNDING	2,220,000	2,168,897		
2 DTF FUNDING	0	0		
<b>TOTAL</b>	<b>191,000,000</b>	<b>183,396,210</b>	<b>182,435,624</b>	<b>960,586</b>
<b>ESF</b>	<b>112,000,000</b>	<b>104,396,210</b>		
<b>DTF</b>	<b>79,000,000</b>	<b>79,000,000</b>		

\* \$500,000 were obligated directly by AID/W with the United Nations

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## ATTACHMENT II

### The First Three Years of the Peace and National Recovery Project (519-0394)

#### Lessons Learned

In October 1994, USAID/El Salvador published a paper titled, The First Three Years of the Peace and National Recovery Project (519-0394) Lessons Learned. The paper contains a discussion of 17 lessons based on USAID/El Salvador's experience in the design and implementation of a "post-civil war project." Those lessons were offered for consideration by other USAIDs or donors dealing with war-to-peace efforts in other parts of the world.

- 1 USAID management and staff should receive special training by an expert in conflict resolution/consensus building prior to design and/or implementation of the project
- 2 USAID's project itself should contain activities and/or processes for promoting reconciliation and consensus
- 3 Representatives of beneficiaries should participate to the maximum extent feasible in the design and implementation of programs designed for their benefit
- 4 There will be pressures to respond to every need, in a very large universe of needs. Clear recognition of organizational limits must govern this process
- 5 USAID must have access to resources for at least humanitarian activities almost immediately after the cessation of hostilities
- 6 Adding funds to existing projects which can add components to meet requirements and/or utilizing available HCOLC can be very effective ways to assure a fast start-up of implementation
- 7 USAID should maintain maximum implementation flexibility
- 8 USAID should adopt an organizational structure that will be effective in the management and implementation of a multi sectoral project
- 9 If there is unusual interest in the US - the Congress, special interest groups, the State Department USAID/Washington - in USAID's peace and recovery project, then a sophisticated project data base, management information system and related staff may be needed to respond - quickly and without undue disruption to implementation - to a continuing and large number of inquiries about the project
- 10 An assumption should not be made that because an institution has worked well with USAID in a previous project that it will work well initially - or at all - in a different type of project

- 11 War-wounded assistance normally will be a requirement
  - 12 Many ax-combatants will have no immediate source of income Either the host government or a donor(s) will have to make provisions to support the ax-combatants, e g , while they are in training, until the first harvest or for a set period
  - 13 If a project is designed without consideration of the special needs of women, they may not be able to benefit equitably from the project Peace and national recovery projects are not an exception to this rule
  - 14 There may be a need for new sector strategies for areas in which USAID has not worked or for modifications of existing strategies to fit the needs of the Peace and National Recovery project
  - 15 The structure and timing of assistance in the agricultural sector are critical to avoiding Problems with the crop cycle
  - 16 NGOs probably will be a desirable and necessary resource for participatory project design and implementation
  - 17 Local coordination with other donors is extremely important
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ATTACHMENT III  
LESSONS LEARNED FEPAD



# **FEPADE**

**FUNDACION EMPRESARIAL PARA EL DESARROLLO EDUCATIVO  
(ENTREPRENURIAL FOUNDATION FOR EDUCATIONAL DEVELOPMENT)**

## **PEACE AND NATIONAL RECOVERY PROJECT**

### **LESSONS LEARNED**

***USAID PROJECT 519-0394***

**SAN SALVADOR, MARCH 1998**

## **CHAPTER I**

### **INTRODUCTION**

The armed conflict in El Salvador finally came to an end in January 1992, with the signature of a peace accord between the Government and the FMLN (Frente Farabundo Martí para la Liberación Nacional – Farabundo Martí Front for National Liberation). In order to facilitate and consolidate the peace process, the Government of El Salvador initiated the National Recovery Plan in which they invested a substantial amount of resources towards the strengthening of public services, the provision of humanitarian assistance to war victims and the increase of opportunities for the development of productive and income-generating activities within the democratization movement.

To make a contribution to the success of this plan and also to facilitate future growth of the country, equitably and democratically, the Government and the United States Agency for International Development (USAID) established the Peace and National Recovery Project (USAID Project No 519-0394). Its objective was to promote economic reactivation in the areas most affected by the conflict, to provide assistance in the recuperation of access to basic services and to achieve the reintegration not only of the excombatant population but also of the civilian inhabitants.

The project provided a complete range of support that included documentation programs, transfers of land, basic household goods and agricultural equipment, temporary housing, technical assistance, agricultural credit lines for micro-enterprise, basic infrastructure building and rebuilding, training, employment, basic health services and others. It was directed at approximately 115 municipalities, including ex-combatant populations from both sides that needed assistance in order to reintegrate themselves into the economic and social life of the country as well as of residents in the areas most affected by the conflict, including persons who were displaced and repatriated as a result of the war.

This document presents a report on the lessons learned from USAID Project No 519-0394 "Peace and National Recovery". Fifty (50) non-governmental organizations (NGO's) that participated in the project were selected and collaborated in the identification of the lessons learned. The process of NGO selection was carried out using criteria relating to importance and scope of the projects developed according to the sectors involved:

- (a) Agricultural Credit Sector
- (b) Basic Infrastructure Sector
- (c) Micro-enterprise Sector



- (d) Land Transfer Sector
- (e) Technical and Vocational Training Sector.

Six (6) workshops, divided into the different sectors, were conducted to identify and collect the lessons learned. From these meetings, with the participation of Government and USAID representatives, the lessons learned were formulated, validated and prioritized.

The following chapters present the lessons learned by sector and the project general conclusions.

## **CHAPTER II**

### **LESSONS LEARNED FROM THE PEACE AND NATIONAL RECOVERY PROJECT <sup>1</sup>**

#### **1. AGRICULTURAL CREDIT SECTOR**

##### **LESSON 1.1**

- (a) "The programs for the administration of agricultural credit aimed at increasing the revenue of the low-income rural population emerging from a war situation should be handled by specialized organizations and only in their absence should new administrative credit entities be created within the target population."
- (b) The requisites to access credit in agricultural programs must be made clear and comprehensive to the participating institutions' personnel as well as to the beneficiaries.
- (c) The credit programs should include norms and regulations that have been agreed upon by the parties involved, bearing in mind that credits are for a population going through a reinsertion process into civil life.

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<sup>1</sup> The opinions expressed in this document correspond to the comments made by representatives of the organizations involved in the execution of the Peace and National Recovery Project and do not necessarily reflect the official position nor the interests of SETEFE (Secretaría Técnica de Financiamiento Externo - Technical Secretariat for External Financing) of the Government of El Salvador or the US Agency for International Development (USAID El Salvador).



- (d) Credit should not be limited only to the agricultural activities sector. It is recommended that eligible activities for financing should also include the processing and marketing of products from the sector, micro-enterprise services sector, etc. This policy is necessary not only to decrease and spread out the risks related to the portfolio but also to incorporate the participation of the rural women whose service activities are excluded from the credit facilities for the farming and animal husbandry sector.
- (e) When the population at the reinsertion stage becomes aware of the fact that it can leave its credit obligations unfulfilled without having to bear any consequences, there is the risk that credits will not be recovered. Obviously, this will have an effect on the credit program process, as well as on the credit opportunities that could be offered them in the future.

#### COMMENTS.

- All credit programs should have a high level participation from the beneficiary population, especially since they are aware of their particular needs. For example, they should decide to whom credit should be authorized and in what amount, the same people from the communities can also take charge of the recovery process so that funds can be available over a long period of time.
- To implement and maintain a long-term strategy for agricultural sector, "second level" organizations should be created with financial services specializations in which the bases (beneficiaries) are represented.

#### LESSON 12

"In order to be successful for agricultural credit programs they should offer complementary training for small farmers to achieve the transfer of new technology", facilitating in this way

- Greater production and increase in income for the target population
- Assure that what is learned is put into practice
- Avoid frustration on the part of the farmers who only are acquainted with the new technology but cannot put it into practice because of a lack of resources
- Optimize the invested resources in credit and training programs

The credit programs that have a training component should be oriented towards the diversification of crops to guarantee the farmers investment



and obtain the highest return, thus allowing an improvement of the situation of the family group.

### **LESSON 1 3**

"In order to be successful, the agricultural projects should be complemented with training projects to mini-farmers and to get the transference of new technology" getting in this way

- More productivity and incomes increments to the population goal
- To assure to put in practice the knowledge acquired
- To avoid farmer frustration because only technology is known, and they can not put in practice their knowledge because they are without resources
- Optimize in the training and credit programs the invested resources

## **2. BASIC INFRASTRUCTURE SECTOR**

### **LESSON 2 1**

"For success in a program aimed at the reinsertion of ex-combatants and the return of the civil population to their places of origin, the simultaneous integration of different projects is necessary to generate the basic conditions that allow the return of the population to those areas where the conflicts were concentrated, for example, rehabilitation or construction of damaged infrastructure such as roads, bridges, schools, potable water, electric energy, health clinics, mayoralities, etc "

### **LESSON 2 2**

"Basic infrastructure projects in the emergency stage should be flexible due to the large number of unforeseen components that have to be dealt with during their execution Consider the following aspects

- During project design there is not sufficient time to carry out extensive and detailed investigations to determine what is most needed and, for this reason, it is not only necessary to act rapidly but also to work with hypotheses that correspond to reality.
- Auditors and project management should keep an open mind and not lose sight of the real conditions under which the project is being executed They should give priority to the prevailing factors over the formal project outline regarding implementation mechanisms



**LESSON 2 3**

**"Support the democratic process as well as that relating to rebuilding of damaged infrastructure through the normalization of the functioning of local governments to convert these into axes to conduct the reinsertion process "**

**LESSON 2 4.**

**"The creation of a coordinating entity for infrastructure projects is recommended to obtain a greater impact of the reinsertion process in the emergency stage "**

**3. MICROENTERPRISE SECTOR****LESSON 3 1**

**"For the execution of credit projects aimed to micro-enterprises, it is important to conduct a previous participative diagnosis and design the objectives and activities, using this information as a base In coordination, these should cover the components of training, credit, technical assistance and organization of the beneficiaries It would thus be possible to determine the conditions, characteristics and necessities of the project's beneficiaries thereby permitting the program's goals and activities to be precisely and clearly designed "**

**COMMENTS**

- **The elements of diagnosis and comprehensive assistance are excellent tools to support credit projects for micro-enterprises**
- **It is recommended to adopt the model for diagnosis and comprehensive assistance as the methodology for the processes of design, formulation and implementation of credit programs for micro-enterprises**

**LESSON 3 2**

**"Before the initiation of the credit programs, actions should be taken to allow all participating sectors of the project to make a shared commitment towards the same objectives This facilitates the involvement and conscious participation of the actors in the design of the rules, parameters and scope projections of the program, at the same time, allowing the identification of the resources as well as the possible potential of each operative level in the implementation of the project Additionally, this guarantees new alternatives of a combined continuity and sustainability (for definition at the end of the project) following the vision of a sustained development with the presence of rationalization of the local resources "**



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## COMMENTS

- The reconstruction programs facilitate rebuilding the bases to encourage sustainable conditions and facilitate the transition of economic and social growth. This allows reconstruction of the "social fabric" and reactivates national development through economic activities

### LESSON 3 3

"To achieve better programs results, whether pertaining to reconstruction or development, it is recommended that Support Networks be formed at the level of community, entrepreneurial, institutional and municipal. This permits the opening of opportunities for the democratic people's participation, the generation of perspectives for local, municipal and national development, more persons being able to benefit, obtaining the greatest positive impact, decreasing the risks and costs while maximizing the resources."

## COMMENTS

- It is very meaningful for the Government as well as the cooperating agencies, executing agencies, local governments and beneficiaries to understand clearly the objectives and goals contained in a reconstruction and development program for the benefit of each participant. This only can be achieved through the promotion and participation of the different actors to obtain maximum results

### LESSON 3 4

"It is necessary to define the roles of the cooperating agencies, the executing agencies and the beneficiaries before, during the process and after the execution process."

## 4. LAND TRANSFERENCE SECTOR

### LESSON 4 1

"To achieve the objectives of the land transference programs, a coordinating institution must be created with a high enough level of authority to manage, recommend and issue directions to deal with the different instances involved in the process."

## COMMENTS.



The coordinating or supervising institution of the land transference program must:

- Make policy decisions in accordance with technical and legal criteria. In order to guarantee the commitment and involvement of the technical and policy personnel in the implementation process, they must also understand the reasons for the decisions.
- Assure that the agreements and decisions taken will be extended to include from the highest directive levels to all other implementation levels.

#### LESSON 4 2

"The formulation of specific laws is fundamental during project implementation, especially to facilitate the procedures of title, acquisition, notarization and registration of land to achieve the objectives of the land transference programs which is the beneficiaries' legal security."

#### COMMENTS

To achieve legal security as regards land transference is very important

- To avoid that beneficiaries occupy land without first having the title of ownership

#### LESSON 4 3

"The entities involved in this transference process must adapt their institutional structure to the prevailing situation of the land transference program to plan, organize, coordinate and implement the pertinent activities that lead to the fulfillment of the program's final objective. The legal 'pro-indiviso' notarization of the properties facilitates the land transference process in the emergency stage, establishing the basis for the notarization of individual properties."

#### COMMENTS

- The transference of land is a complex process that requires since the beginning, clarity regarding its laws and mechanisms for execution
- To promote greater efficiency, decisions that must take into account the participation of all the involved entities

### 5. TECHNICAL AND VOCATIONAL TRAINING SECTOR

#### LESSON 5 1

"The projects for ex-combatants should not begin before psychological and social orientation programs are conducted to incorporate them into the reinsertion process. This means that they should be incorporated c



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integrated into regular, specific mental-health and reinsertion programs for those persons directly affected by the conflict. These programs also take into account the child population and other persons who were exposed to traumatic situations that could affect their mental health and thus prevent their successful reinsertion to post-war life.

#### **COMMENTS**

- The psychological and moral problems are important factors that require special treatment particularly in the child population affected by the war. It is essential to involve the family nucleus and the community in the treatment of these problems.
- Treatment should be focussed on the elimination of the children's negative attitude, as well as on the reduction of their aggression levels while improving their abilities to cooperate and work in teams. Likewise, in parallel, appropriate training should be made available to parents in order to have the whole population comprehensively benefit from the program.

#### **LESSON 5 2**

"The establishment of specializations, duration, depth and general scope of the training courses should be centered in the actual market and not on the beneficiary's free choice, much less in the existing opportunity or on the implementation facilities."

#### **COMMENTS**

- If the training responds to the necessities of the productive labor market, this implies a greater probability of later employment and directly involves the businessmen in the process. If this is achieved, better results can be gained and translated into a greater number of jobs obtained which is why it is feasible to use this parameter as an indicator of success in this program.
- The vocational training is important to provide the beneficiary with an adequate selection of training possibilities.
- If the training responds to the market requirements, it could facilitate the implementation of the emergency activities with that of long-term development.

#### **LESSON 5 3**

"The basic, free services offered to the population in the process of reinsertion through NGO's within the reconstruction program should be limited to the emergency stage to avoid the beneficiaries becoming permanently dependent on assistance. The NGO's should transfer these services to the normal government structure to allow them to plan and/c



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diversify their activities for the promotion of self-sufficiency and continuity "

#### COMMENTS

At the finalization of the reconstruction programs, it is important in the sustainable development stage to consider those NGO's that have converted their experiences into assets and have achieved their institutional strengthening

### CHAPTER III

## GENERAL CONSIDERATIONS TO THE PEACE AND NATIONAL RECOVERY PROJECT

- 1° It is necessary to revise the civil and penal codes because, at the moment of the official signing of the peace accords, the legal framework had been interrupted (regulations governing private property, civil and penal codes), was reestablished at the social level. Moreover, the constitutional or legal measures to be implemented should be reviewed so that the restitution of the Legal State does not generate conflicts that impede the successful execution of the agreement (for example, Legislative Decree 385)
- 2° The National Reconstruction Project must be strictly linked to the global framework of the political agreements resolving the conflict, with the understanding that this framework includes the causes and components which finally became the agreement of the parties involved. In the same way, medium-term components must be incorporated to resolve areas of conflict that could be quickly converted into causes for social instability
- 3° For a National Reconstruction project aimed at the reinsertion of ex-combatants and the reintegration of the civilian population affected by the conflict to be successful, it must include the highest level of authority for taking decisions (a collegiate body) to coordinate and follow-up the implementation of the project. Representatives of the government must be involved, as well as the sectors involved in the conflict: ex-combatants and civilian population to define the program's design, policies, strategies and to carry out monitoring activities
- 4° Participation mechanisms for the actors involved in the conflict and in the Reconstruction Program must be implemented to eliminat



difficulties such as initial mistrust and uncertainty that could develop because of the exclusion of one party or because of a natural tendency to achieve advantages that were not gained during the conflict

- 5° Since the tendency to polarization is an implicit factor during reconciliation following an armed conflict, biased actions in favor of any side must be avoided within the peace process as well as the case of one party seeking to delay the execution of his counterpart. For this reason, in peace processes, the national interest must come before that of the party.
- 6° Reconstruction programs must include deliberative procedures for the follow-up and solution of any unforeseen problems. Towards this end, it is recommended that work groups or integrated committees be formed from the parties involved to guarantee that the solutions respond to the terms of the accord agreed upon.
- 7° The vision and concept of the reinsertion program design must not be short-term. It is recommended that the emergency program phase be developed with a comprehensive long-term vision that focuses not only on the individual but also on the location and method of the excombatant's reinsertion.
- 8° The projects must be designed and implemented as an active execution tool and not considered only as a means of obtaining financing.
- 9° A National Reconstruction program must have a comprehensive focus of all the requirements of the population in the reinsertion process, for example:
  - Laws and regulations to facilitate the population's acquisition of personal documentation in the reinsertion process.
  - Legal land transference
  - Vocational and technical training projects
  - Credit programs for farming and animal husbandry as well as for micro-enterprises.
  - Construction and reconstruction of the basic infrastructure, etc.
  - Attention to the basic needs corresponding to the areas of health, food, housing, etc.
- 10° The methodology utilized in the implementation of the National Reconstruction Program, with the participation of governmental organizations and NGO's, facilitated the success and offered an opportunity to integrate municipalities allowing



- Development of a dynamic development vision
  - Modernization of the national information system
  - Assurance of coherence in the continuity process
  - Influence on national development policies
- 11° At the beginning of the reinsertion process, security strategies must be established to create the availability of food and generate self-employment through incentives for farming and animal husbandry as well as for micro-enterprises. These facilitate an increase in the acquisition capacity, complement health programs, basic infrastructure, housing and training marked principally by a permanent national reconciliation campaign to stimulate the peace culture that would gradually decrease the level of social polarization
- 12° The distribution of household goods and agricultural equipment to ex-combatants must not be implemented in the emergency phase but withheld until there are conditions for the utilization of these implements
- 13° To facilitate the work of participating entities in the reconstruction program, it is necessary to create practical and flexible administrative mechanisms that bring efficiency and transparency to the management systems of all the participating agencies, as well as technical assistance mechanisms for program executors in financial, accounting and administrative aspects. It is essential to diversify the sources of financing of the National Reconstruction program.
- 14° During the implementation of the Reconstruction Program, there must be a comprehensive, coherent information system in place to provide opportune, useful information and, to the extent possible, establishing propagation programs for each of the stages in the process
- 15° The monitoring activities must be initiated at the same time that the execution of the Reconstruction Program takes effect, to maintain a strict coordination among the responsible parties to achieve the necessary program control and supervision thereby avoiding the duality of efforts
- 16° The participation of private enterprise in the national reconstruction process regarding the generation of employment must not be relegated to a secondary position
- 17° The donor and/or financing entities of the Reconstruction Program, in addition to being fully involved, must maintain a flexibility



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according to the developing circumstances as well as keep high levels of coordination and commitment to giving financial support

- 18° It is important that the planning of the final phase of the reconstruction program anticipate the mechanisms of transition from emergency projects to stable and self-sufficient programs. This avoids the possibility of a retrocession in the reconstruction process in which there is a tendency to repeat the actions that caused the conflict and gives the executors the opportunity to give continuity and permanence, to define and project the institutional vision and identify new services to be offered. Finally, this allows the donating organizations to plan and budget funds for this transition. Consequently, it is recommended that the closure of the emergency phase be planned as a key component for successful programs to give continuity to the activities and development projects
- 19° Some of the key factors for success of the reconstruction program were the public goodwill, the organizational wealth of El Salvador and the tolerance of those involved in the consolidation of peace

